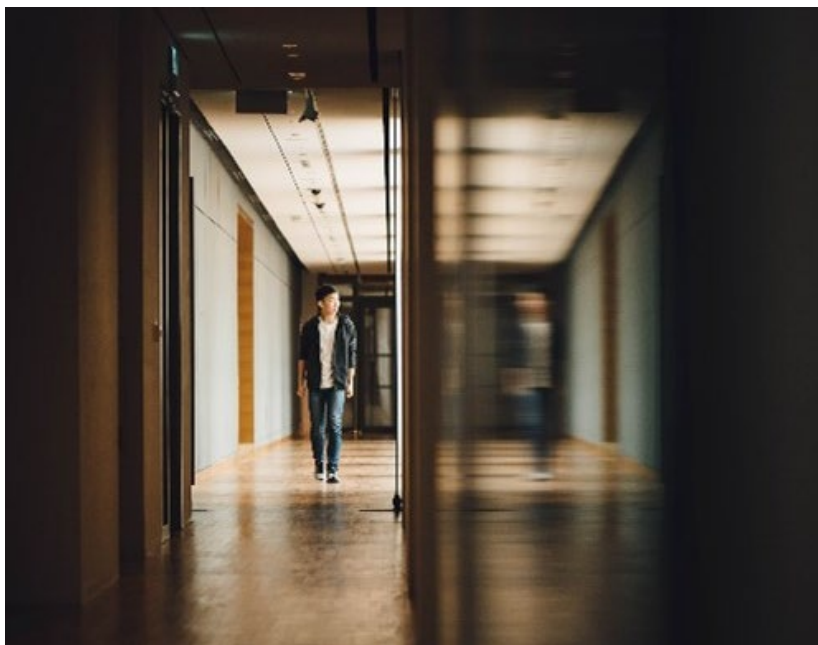




Net Costs of Postsecondary Non-completion in Ontario: A Benefit-Cost Analysis for HEQCO

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How much do students themselves, as well as institutions, governments, and society save when a person who would have left PSE early without obtaining a credential, goes on to complete?

Project rationale and background

Post-Secondary Education Non-Completion in Ontario

- Provided a definition of non-completion
- Measured non-completion across student and program characteristics in Ontario
- Compared post-schooling outcomes between completers and non-completers
- *Key results: Approximately 25% of students didn't earn a credential within seven years and were earning approximately 50 per cent less than graduates in their first year after leaving PSE*

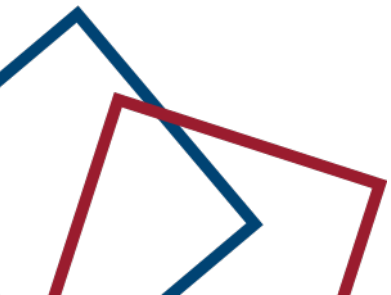
Net Cost of Postsecondary Non-Completion in Ontario

- Studied the net costs of non-completion for various stakeholders involved
- Included a third group: *equivalent people who do not attend PSE*
 - *Even if people don't achieve a credential, what if they acquire new information, skills, networks through studying that are useful in the labour market?*

An overview of cost-benefit analysis (CBA)

A systematic approach to evaluate the total expected costs and benefits of a program, action, or activity

1. **Identify costs:** direct, indirect, intangible, opportunity costs (e.g., unemployment while learning)
2. **Identify benefits:** direct, indirect, intangible (e.g., improved networks) – both short and long term
3. **Assign monetary values to all costs and benefits**
4. **Calculate benefit-cost ratio:** net costs are a concern when they are positive (i.e., when the activity's costs exceed its benefits)



Estimation approach: comparison groups

SRDC set out to derive the 'net costs' of non-completion by comparing the costs and benefits to key stakeholders of two scenarios (2013 entry cohort):

1. **Non-completion:** participating in Ontario PSE without completing (7 years after starting a BA, credential, or diploma full time)
2. **Completion:** The 'same' people participating in Ontario PSE and completing

*Both scenarios developed estimates relative to the 'same' counterfactual: equivalent people not participating in PSE at all (**non-participation**)

The difference between both scenarios is the net cost of non-completion

Estimation approach: Stakeholder perspectives



Costs and benefits impact different stakeholders



Each cost of non-completion may be negative (a benefit) for one stakeholder, but positive for another

Stakeholder	Examples
Participants	Tuition paid; lifetime earnings
PSE institutions	Tuition and government transfer received; administration, capital costs
Government (Provincial and Federal)	Taxes and premiums; social assistance usage
Society	A net cost to society arises when the costs summed across individuals and governments outweigh the benefits

Estimation approach: tuition example

Net costs of non-completion = Scenario 1 – Scenario 2

$$\$11,000 - \$20,000 = -\$9,000^*$$

* From the perspective of the student, where a negative net cost is a “benefit”. Equivalently from PSE institution perspective less tuition is a “cost”.

Scenario 1: Cost of non-completion

Non-completion – non-participation

$$\$11,000 - \$0 = \$11,000$$

Scenario 2: Cost of completion

Completion – non-participation

$$\$20,000 - \$0 = \$20,000$$

What are the outcomes for students who participate in postsecondary education (PSE) in Ontario?



Graduate
High School



Start
PSE

+\$220,000

Compared to not participating, a student who attends some PSE gains about \$220,000 over their lifetime.



Graduate
PSE

+\$601,000

Compared to not participating, a student who completes PSE gains about \$601,000 over their lifetime.



Leave
PSE

-\$382,000

Compared to completing, a student who doesn't complete PSE loses out on about \$382,000 over their lifetime.



Join the
Workforce

Even some PSE brings benefits—but completion unlocks the full value. Without a credential, students miss out on substantial long-term gains.

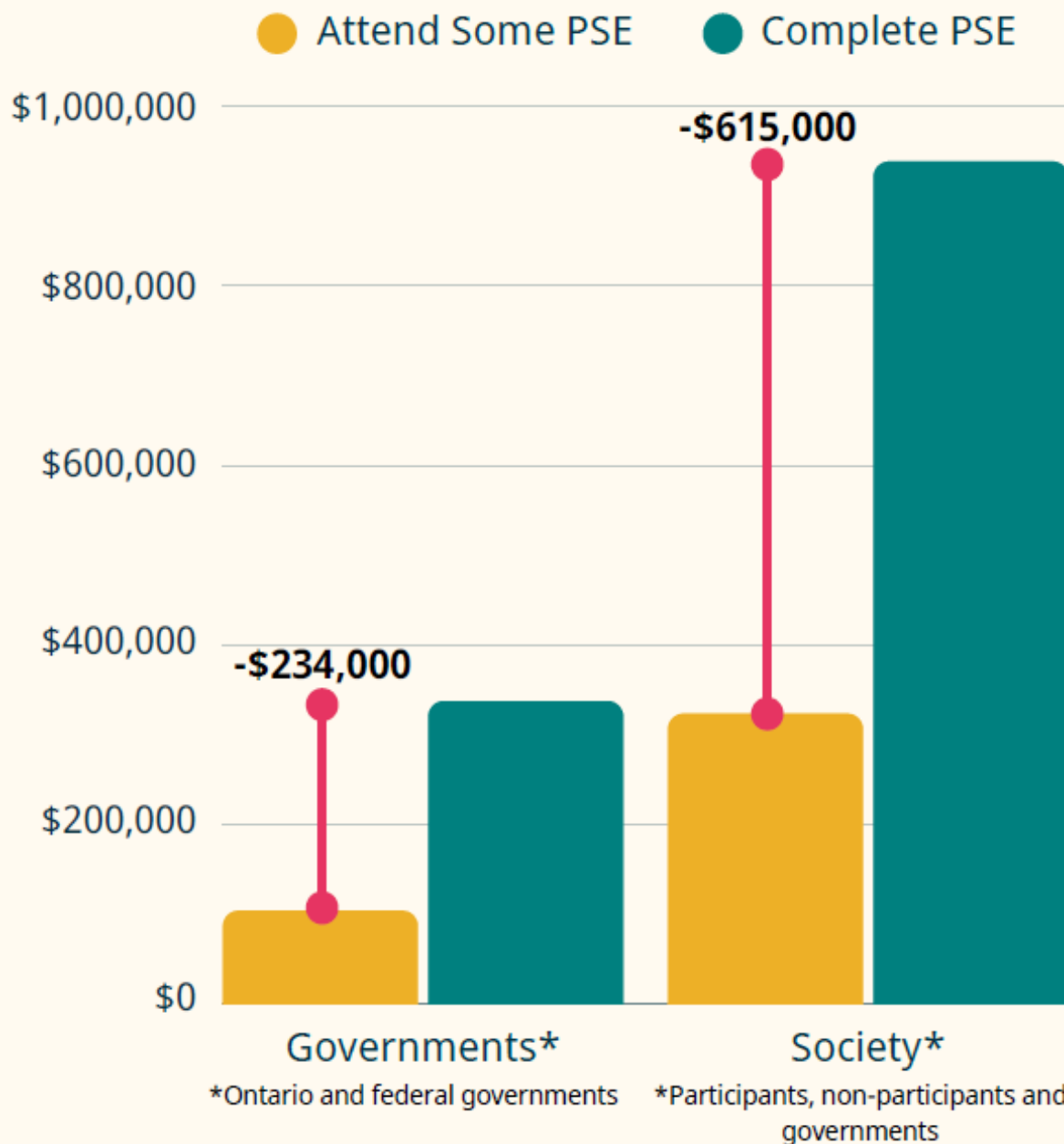
What does this mean for governments and society?



When students complete PSE, there are significant benefits to governments and society.



Much of these potential gains are lost when students leave PSE without a credential.



Implications

- For individuals, governments, and society, **the decision to take up PSE is (on average) the right one regardless of whether student's go on to complete**
- If non-completers can be supported to complete, **there is potential for substantial return to this investment** for individuals, governments, and society

This study provides a strong justification for investing in programs that promote completion

Further research

Qualitative Interviews

Better understand student perspectives on their non-linear paths and critical junctures

- What are the reasons students leave PSE?
- Are students' departures from PSE temporary or permanent?
- What supports would have prevented students from departing PSE?
- What supports would have facilitated students' return to PSE?

Institutional Case Studies

Better understand the institutional costs and benefits associated with non-completion vs. completion

- Does utilization of support services differ for completers and non-completers?
- Does a case-specific calculation of government transfers differ?
- What works to convert non-completers to completers?
- Would government incentives to support completion be beneficial?